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May 11, 2015

Committee of Conference – FY 2016 Appropriations Bill – H.490
State House
Montpelier, VT 05602

Dear Members of the Committee of Conference:

This letter provides the Administration's review of H.490, the Senate-passed Fiscal Year (FY) 2016 Appropriations Bill. We appreciate the hard work completed by both the House and Senate and the degree to which both appropriations committees collaborated with the Administration on the development of the appropriations bill. The Administration continues to have concerns with certain provisions reflected in the Senate bill, as follows:

B.1107 VERMONT INTERACTIVE TECHNOLOGIES FUNDING THROUGH DECEMBER 31, 2015

Both the Senate and House-passed versions of the bill include an appropriation and associated language allocating Global Commitment Funds to be paid to Vermont Interactive Technologies (VIT) for costs associated with VSC Allied Health classes taught through VIT. While the Administration recognizes the value of VSC Allied Health Classes taught through VIT, the Administration does not support a Global Commitment allocation for this purpose, given that the capacity of the State to accept new MCO investments is limited.

E.100.1 Position Pilot

The House-passed bill included language that added the Department of Corrections (DOC) to the position pilot program. This language was added based on a report that DOC needs the flexibility to self-fund additional classified positions in order to cut down on overtime usage. The Administration concurs with the House version of the bill and recommends that DOC be given the flexibility to self-fund classified positions.

Sec. E. 300.3 TRANSFER OF TOBACCO PROGRAM FUNDING

This section of the Senate-passed appropriations bill includes language that transfers tobacco funds from the Agency of Education and the Department of Health to the Tobacco Review Board. This transfer would result in the elimination of the Agency of Education Tobacco coordinator position and a decrease the number of grants going to Vermont Schools for tobacco cessation work. We recommend that this language be removed from the bill and the role of the Tobacco Review Board be modified by including the language in Appendix A to reflect the available funding.



E.323.1 – Reach Up program Evaluation

The Senate-passed version of the appropriations bill includes changes to 33 V.S.A. § 1134 regarding program evaluation for the Reach Up program. In addition to the changes made in the bill, the Administration recommends striking paragraphs (a)(3) and (a)(4). The collection of this data is difficult because it can only be collected manually. The Administration recommends removing this requirement to eliminate an onerous data collection process that does not provide meaningful data.

E.323.2 Repeal of SSI determination in Reach Up

Both the House and the Senate-passed appropriations bill accepted with the Governor's proposal to include SSI income in the determination of a family's Reach Up benefit. The Senate version of the bill includes a provision to repeal this change at the end of FY 2016, effectively making this change a one-time savings, which is difficult given the anticipated budgetary pressures in FY 2017.

Sec. E.337 Community High School of Vermont

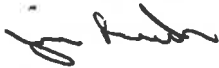
This section amends the language that governs the Community High School of Vermont (CHSVT). The Senate removed the change made by the House to 28 V.S.A. § 120 (d) eliminating the requirement that the Department of Corrections (DOC) provide these services at all correctional facilities. DOC cannot achieve savings from consolidation if it is required to provide CHSVT services at each site. The Administration recommends restoring the change made by the House to give DOC the flexibility needed to work within the budget.

Additionally, the Senate added language to 28 V.S.A. § 120 (h) that requires DOC to provide CHSVT services to all individuals in the custody of the commissioner without a high school diploma. DOC does not have the resources to educate all of the individuals who qualify for services as a result of this language change. Individuals over 23 currently qualify for Adult Education and can receive services through the Agency of Education. We recommend that this language change be removed from the bill.

In conclusion, the Administration continues to have significant concern that not enough progress has been made this year on the structural spending issues facing state government. Fiscal Year 2017 again projects a gap between projected spending and revenue of more than \$50 million, driven in large part by increases in state Medicaid and other health care-related spending. Any base savings this fiscal year will help ameliorate budget pressures next year. In addition to the offered changes above in the appropriations bills, the Administration has provided other suggested reductions in spending for the consideration of the conference committee. The Administration also notes that any budget bill ultimately must work in harmony with the revenue bill. The Governor feels strongly that the income tax deduction changes, beyond elimination of the state and local tax deduction already offered by the Administration, are not advisable. They affect important public policy issues, such as encouraging home ownership and charitable giving, and can have a disproportionate effect on seniors. Finally, the budget and revenue bills must take into account any health care revenue bill that may be passed, because the revenue mechanisms overlap and the spending ultimately adds to the overall budget. While the Administration strongly supported the Governor's original proposal that was designed to maximize Medicaid provider rate increases and cover increased utilization to lower private health care costs and reduce budget pressures in future years, the Administration is concerned that the current proposals under consideration do not meaningfully address either of these needs while adding budgetary pressure.

The Administration appreciates your consideration of these comments, and look forward to working with the Legislature to resolve these policy and budgetary issues.

Sincerely,



Jim Reardon
Commissioner

cc: Representative Janet Ancel, Chair, House Ways and Means Committee
Representative Shap Smith, Speaker, House of Representatives
Senator Tim Ashe, Chair, Senate Finance Committee
Senator John Campbell, President Pro Tempore, Senate
Steve Klein, Joint Fiscal Office
Justin Johnson, Secretary, Agency of Administration

Appendix A – Updates to the Tobacco Review Board Language to align roles and responsibilities with available funding

Sec. E.300.X 18 V.S.A. Sec. 9503 is amended to read:

Sec. 9503. Vermont tobacco prevention and treatment

(a) Except as otherwise specifically provided, the Tobacco Prevention and Treatment Program shall be administered and coordinated statewide by the Department of Health ~~and with the advice of the Vermont Tobacco Evaluation and Review Board~~, pursuant to the provisions of this chapter. The Program shall be comprehensive and research-based, and shall include the following components:

- (1) community-based programs;
- (2) school-based programs;
- (3) tobacco cessation programs;
- (4) countermarketing activities;
- (5) enforcement activities;
- (6) surveillance and evaluation activities;
- (7) policy initiatives; and
- (8) any other activities determined by the Commissioner ~~or the Board~~ to be necessary to implement the provisions of this section.

(b) ~~By June 1, 2001, the Department and the Board shall jointly establish a plan that includes goals for each Program component listed in subsection (a) of this section, for reducing adult and youth smoking rates by 50 percent in the following 10 years. By June 1 of each year, the Department and~~ with the advice of the Board, shall jointly establish goals for reducing adult and youth smoking rates in the following two years, including goals for each Program component listed in subsection (a) of this section. The services provided by a quitline approved by the Department of Health shall be offered and made available to any minor, upon his or her consent, who is a smoker or user of tobacco products as defined in 7 V.S.A. § 1001.

(c) The Department of Liquor Control shall administer the component of the Program that relates to enforcement activities.

(d) The Agency of Education shall administer school-based programs.

(e) The Department shall pay all ~~fees and~~ costs of the surveillance and evaluation activities, ~~including the costs associated with hiring a contractor to conduct an independent evaluation of the Program.~~

(f) ~~The Board shall be represented on all Tobacco Program Advisory Committees, including, but not limited to, the youth working group, Community Grants Advisory Board, and the Scientific Advisory Board. The Board's representative on any such Advisory Committee shall include at least one member other than the Commissioner of Health.~~

EXPLANATION: Amendments associated with making the Vermont Tobacco Evaluation and Review Board advisory to the Department of Health. The various groups listed in subsection (f) no longer exist.

Sec. E.300.X 18 V.S.A. Sec. 9504 is amended to read:

Sec. 9504. Creation of the Vermont Tobacco Evaluation and Review Board

(a) There is created and established, within the Office of the ~~Secretary~~ Commissioner, ~~a an advisory body to be known as the Vermont Tobacco Evaluation and Review Board, an independent State Board created to work in partnership with the Agency of Human Services and the Department provide advice to the Commissioner of Health in establishing the annual budget, Program criteria and policy development, and review and evaluation of the Tobacco Prevention and Treatment Program.~~

(b) The Board shall consist of 14 members, including ex officio the Commissioner of Health and the Secretary of Education, or their designees; the Commissioner of Liquor Control or designee; the Attorney General or designee; a member of the House of Representatives appointed by the Speaker of the House; a member of the Senate appointed by the Committee on Committees; a member representing a nonprofit organization qualifying under Section 501(c)(3) of the Internal Revenue Code and dedicated to anti-tobacco activities appointed by the Speaker of the House; a member representing the low income

community appointed by the Senate Committee on Committees; two persons under the age of 30, one appointed by the Speaker of the House and one appointed by the Committee on Committees; and four members appointed by the Governor with the advice and consent of the Senate, including: one K-12 educator involved in prevention education; one tobacco use researcher; one member representing the health care community; and one tobacco industry countermarketing expert. The public members shall serve for three-year terms, beginning on July 1 of the year in which the appointment is made, except that the first members appointed by the Governor to the Board shall be appointed, two for a term of two years, one for a term of three years and one for a term of four years. Vacancies shall be filled in the same manner as the original appointment for the unexpired portion of the term vacated.

(c) The Governor shall appoint a Chair from among the Board's public members. The Chair shall serve for a term of two years. The Chair may be removed for good cause by a two-thirds voting majority of the Board. The Board may elect such other officers as it may determine. ~~The Board may appoint committees or subcommittees for the purpose of providing advice on community-based programs, countermarketing activities, and independent program evaluations.~~ Meetings shall be held at the call of the Chair or at the request of three members Commissioner of Health; however, the Board shall meet no less more than four times a year. ~~A majority of the sitting members shall constitute a quorum, and action taken by the Board under the provisions of this chapter may be authorized by a majority of the members present and voting at any regular or special meeting. Actions taken by the Board to approve, authorize, award, grant, or otherwise expend money appropriated to the Board or the Department shall require authorization from a majority of members of the entire Board.~~

(d) Public members other than ex officio members shall be entitled to per diem compensation authorized under 32 V.S.A. § 1010 for each day spent in the performance of their duties, and members shall be reimbursed from the fund for reasonable expenses incurred in carrying out their duties under this chapter. Legislative members shall be entitled to per diem compensation and reimbursement for expenses in accordance with 2 V.S.A. § 406.

(e) ~~The Board may employ staff, through the Agency of Human Services, to assist the Board in planning, administering, and executing its functions under this chapter, subject to the policies, control, and direction of its members and the powers and duties of the Board under this chapter. The Board may employ technical experts and contractors as necessary to effect the purposes of this chapter. The Board shall use the Office of the Attorney General for legal services. The Board shall receive additional staff assistance from the Department of Health, the Office of Legislative Council, and the Joint Fiscal Office.~~

(f) ~~The Agency of Human Services~~ Department of Health shall provide administrative support to the Board for the purposes of this chapter.

(g) No member of the Board shall have any direct or knowing affiliation or contractual relationship with any tobacco company, its affiliates, its subsidiaries, or its parent company. Each Board member shall file a conflict of interest statement, stating that he or she has no such affiliation or contractual relationship.

EXPLANATION: Amendments associated with making the Vermont Tobacco Evaluation and Review Board advisory to the Department of Health.

Sec. E.300.X REPEAL

(a) 18 V.S.A. Sec. 9505 (general powers and duties of the Vermont Tobacco Evaluation and Review Board) is repealed.

EXPLANATION: Amendments associated with making the Vermont Tobacco Evaluation and Review Board advisory to the Department of Health.

Sec. E.300.X 18 V.S.A. Sec. 9506 is amended to read:

Sec. 9506. Allocation system

(a) In determining the allocation of funds available for the purposes of this chapter, ~~the Department and Commissioner,~~ with the advice of the Board, shall consider all relevant factors, including:

(1) the level of funding or other participation by private or public sources in the activity being considered for funding;

- (2) what resources will be required in the future to sustain the Program;
- (3) geographic distribution of funds; and
- (4) the extent to which the outcomes of the project can be measured by reductions in adult or youth smoking rates.

(b) The ~~Department's and Board's~~ Commissioner's allocation system shall include a method, developed jointly with the advice of the Board, that evaluates the need for and impact and quality of the activities proposed by eligible applicants, including, if appropriate, measuring the outcomes of the project through reductions in adult and youth smoking rates.

EXPLANATION: Amendments associated with making the Vermont Tobacco Evaluation and Review Board advisory to the Department of Health.

Sec. E.300.X 18 V.S.A. Sec. 9507 is amended to read:

Sec. 9507. Annual report

(a) On or before January 15 of each year, the ~~Board shall submit a report concerning its activities under this chapter to the Governor and the General Assembly. The report shall include, to the extent possible, the following:~~

~~(1) the results of the independent Program evaluation, beginning with the report filed on January 15, 2003, and then each year thereafter;~~

~~(2) a full financial report of the activities of the Departments~~ Department of Health ~~shall, and in consultation with the Department of Liquor Control, and the Agency of Education, and the Board, including a special provide a joint report~~ accounting of for all activities from July 1 through December 31 of the year preceding the legislative session during which the report is submitted;

~~(3) a recommended budget for the Program; and~~

(4) an explanation of the outcomes of approved programs, measured through reductions in adult and youth smoking rates.

EXPLANATION: Amendments associated with making the Vermont Tobacco Evaluation and Review Board advisory to the Department of Health.